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**EX PARTE MEMORANDUM**

July 13, 2011

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 – 12<sup>th</sup> Street, SW, Room TW-A325  
Washington, DC 20554

Re: Universal Service Contribution Methodology, WC Docket No. 06-122;  
Possible Revision or Elimination of Rules Under the Regulatory  
Flexibility Act, 5 U.S.C. §610, GB Docket No. 09-229

On July 12, 2011, the undersigned, representing the American Association of Paging Carriers (AAPC), met via telephone conference with Vickie Robinson and Chin Yoo, Telephone Access Policy Division, Wireline Competition Bureau, concerning the *de minimis* exemption from contributions to the Universal Service Fund, 47 U.S.C. 54.708.

AAPC pointed out that the exemption level of \$10,000 has remained unchanged since the USF was implemented as a result of the Telecommunications Act of 1996. AAPC further noted that some of its members include small companies with paging service revenues of less than \$1 million. Using the 12% “safe harbor” interstate allocation allowed by the Commission, the contribution factor of 5.9% for the first quarter of 2000 exempted carriers from contributing to USF until they generated approximately \$1.425 million in total service revenues. However, using the “safe harbor” allocation during the current quarter, the contribution factor of 14.4% requires contributions from carriers with as little as \$590,000 in total service revenues. Similarly, the highest contribution factor to date (15.5%, during the first quarter of 2011) required carriers using the “safe harbor” allocation to contribute to USF with as little as \$538,000 in total service revenues.

While it recognizes that there are revenue-side pressures on the USF, AAPC argued that the funding of USF is not materially increased by requiring very small companies to contribute. At the same time, AAPC noted that determining whether or not to file the 499-Q quarterly reports, and completing and filing them when required, is a measurable and unproductive regulatory burden on small carriers.

Marlene H. Dortch, Secretary  
July 13, 2011  
Page Two

Accordingly, AAPC suggested that the current *de minimis* exemption should be substantially increased as part of the RFA biennial review, from \$10,000 to \$50,000. A copy of AAPC's comments on this issue in the RFA biennial review proceeding in GB Docket No. 09-229 is attached for convenient reference.

Respectfully submitted,

s/Kenneth E. Hardman

Enclosure

cc: Vickie Robinson  
Chin Yoo

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May 17, 2011

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 – 12<sup>th</sup> Street, SW, Room TW-A325  
Washington, DC 20554

Re: Possible Revision or Elimination of Rules Under the Regulatory  
Flexibility Act, 5 U.S.C. §610, GB Docket No. 09-229

Dear Ms. Dortch:

By notice published in the Federal Register on March 18, 2011, 76 Fed. Reg. 14871, the Commission has requested members of the public to comment on various listed rules which are being reviewed pursuant to the Regulatory Flexibility Act of 1980, as amended (the “RFA”). The American Association of Paging Carriers (AAPC) is the national trade association representing the interests of paging carriers throughout the United States. AAPC’s members include paging operators with nationwide licenses issued under Parts 22, 24 and 90 of the Commission’s rules; a representative cross-section of operators of regional and local paging systems licensed by the Commission; as well as equipment suppliers and other vendors to the carrier industry. All are small businesses for purposes of the RFA. AAPC is pleased to submit its comments on Section 54.708, which is one of the rules identified by the Commission’s notice as being reviewed.

Section 54.708 (the so-called *de minimis* exemption) excludes a paging carrier and other telecommunications carriers from the requirement to contribute to the federal Universal Service Fund (USF) if its contribution would be less than \$10,000 during a calendar year. However, there is no similar exemption for contributions to the Telecommunications Relay Service (TRS), North American numbering administration (NANPA) or shared costs of local number portability (LNP); and paging carriers within the *de minimis* exemption for USF contributions nonetheless must contribute to the costs of TRS, NANPA and LNP.

AAPC believes that the RFA raises two issues in connection with Section 54.708 of the rules. The first issue is whether the \$10,000 exemption should be increased. This limit was first adopted in the mid-1990s in the course of implementing the Telecommunications Act of 1996. It has not been modified in the nearly 15 years since it was adopted, despite the economic inflation that has occurred and the growth in the size of the USF and the USF contribution factor that also has incurred. Given the changes that have occurred since the initial \$10,000 exemption was established, AAPC respectfully submits that increasing the exemption to \$50,000 would be warranted.

Marlene H. Dortch, Secretary

May 17, 2011

Page Two

Second, regardless of any action taken with respect to the amount of the exemption, AAPC respectfully submits that the same exemption should apply with respect to each of the fees (*i.e.*, TRS, NANPA and LNP) that the Form 499-A data are used in order to generate.

AAPC believes that the theory behind the *de minimis* exemption for USF contributions is that the financial contributions generated from carriers below the threshold are outweighed by the regulatory burdens incurred by that class of carrier. AAPC respectfully submits that the same is true with respect to TRS, NANPA and LNP as well, and that a similar exemption should be established to ease the regulatory burdens of those fees on very small carriers.

Respectfully submitted,

s/Kenneth E. Hardman

*Attorney for the American Association of  
Paging Carriers*

cc: Sharon K. Stewart, Chief of Staff  
Office of Communications Business Opportunities